Report on

West Harpswell School

For

Board of Selectmen Town of Harpswell, ME

As of

December 31, 2009

Prepared by:

West Harpswell School Work Group:

Samuel Alexander Thomas Brudzinski Larry Favreau John Monaghan Jack Sylvester

West Harpswell School Work Group

Appointed by The Board of Selectmen

Tree Contract ()

Town of Harpswall

Selectmen Town of Harpswell, Maine

January 4, 2010

Dear Selectmen:

West Harpswell School Report

At your request, we have inspected the West Harpswell School, reviewed construction documents, operating and maintenance records and procedures, conducted interviews, and performed basic research in keeping with the guidelines and schedule furnished to us.

The attached report summarizes our work and findings.

Most of the background information on the property has been obtained from MSAD#75 files and third party sources we believed to be reliable, but there can be no assurance in that regard.

In our report, we have made certain forecasts and projections, based upon information and assumptions we believe to be reasonable as of the date of our report, but unanticipated future events may cause these forecasts to be in error and in certain instances the errors may be material.

Finally, we wish to emphasize our study and report is intended to be entirely neutral in respect to the advantages to the Town in retaining the property as a public school or closing it for that purpose.

Respectfully submitted,

West Harpswell School Work Group:

/s/

Larry Favreau

ın Monaghan

Jack Sy

WHS Study Report

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Section 1.0 Background and Summary

1.01 Assignment Tasks.

Reference is made to "Proposal" adopted by Board of Selectmen on August 31, 2009 and "Guidelines for the West Harpswell School (WHS) Work Group" adopted by Board of Selectmen on October 29, 2009. Copies of both are in the Addendum.

1.02 WHS Work Group.

Members of the work group appointed by the Board of Selectmen:

Sam Alexander, West Harpswell. Builder. Former Town Selectman.

Tom Brudzinski, Orr's Island. Architectural/Planning Consultant.

Larry Favreau, Great Island. Electrician.

John Monaghan, South Harpswell. Civil Engineer.

Jack Sylvester, Orr's Island. Real Estate Consultant.

1.03 Scope of Work.

It involved:

- Interior and exterior inspections of WHS by the Work Group.
- Review of file documents at the Town's Code Enforcement Office.
- Review of property assessments and town maps.
- Review of extensive documentation at MSAD #75, including, surveys, deeds, building plans and specifications, inspection reports, service contracts, and operating expense records. A list of major items reviewed is in the Addendum Section.

- Review of MSAD #75 "Lack of Need Report", "Cost Analysis" and supporting documents submitted to State Commissioner of Education.
- Discussions with the WHS Principal, Michael Estes, and Building Custodian, Linda Allen.
- Extended meetings and discussions with MSAD #75 Director of Facilities, Chris Shaw.
- Five meetings of the work group to analyze data and review its findings.
- Individual member research.

1.04 Summary of Findings.

This report reviews the physical features and condition of WHS and discusses some of the options the Town may need to consider if the property is no longer used as a public school.

The 17,250 sf facility could be physically adapted to a variety of public or private, 'for profit' uses. Most or all would require upgrades for the property to comply with current State and Town codes and ordinances.

From an economic standpoint, the property has limited market appeal because of its specialized design, location, and the currently depressed market for all classes of real estate.

We analyzed several reuse and disposition scenarios. Sale of the property poses the lowest risk and highest return over a projected three-year period. If the Town did not accept title to the property from MSAD #75, the sale option would undoubtedly be employed by the District with the Town receiving its proportionate share of costs and benefits roughly estimated at 40%.

Section 2.0 Site, Site Improvements & Utilities

2.01 Location.

The WHS is located at the Southwest corner of SR 123 (Harpswell Neck Road) and the Ash Point Road. Its address: 9 Ash Point Road.

The site is 5.2 miles south of the Mountain Road and SR 123 intersection. On the Town's Property Maps, the site is shown at Map 16, Lot 1.

2.02 Land Description.

The trapezoidal-shaped site has frontage of 342.53 feet on the Ash Point Road and 727.6 feet on Harpswell Neck Road.

The site area is 7.73 acres.

The property slopes moderately to the south with a high point elevation of 95 feet on the Ash Point Road and 56 feet at the parcel's southerly boundary.

The northerly half is improved with the school, play areas and landscaped open space; the lower half consists of mixed soft and hardwood tree growth and some unbuildable wetlands.

The site was acquired by the Town in two separate transactions. The first, in 1906, consisted of a roughly one-half acre parcel on the Ash Point Road, site of the old Ash Point School. The second parcel, acquired in 1956, contained about 7.25 acres and generally wrapped around the first.

The two parcels, together with the 1964 replacement of the old Ash Point School, were deeded to MSAD #75 on July 1, 1976.

2.03 Site Improvements.

There is an estimated 90,000 square feet of maintained open space including playgrounds and lawn areas.

There are approximately 12,000 square feet of asphalt paved drives, walks and parking for 16 cars.

Site lighting around the school buildings and adjacent parking area is provided by building and pole mounted lights.

The paved parking area links underground storm water catch basins with a 12" PVC outlet.

2.04 Water System.

The buildings are supplied with potable water from an artesian well located 120 feet southwest of the west end of the school.

The well was drilled on July 30, 1999 by C&R Well Drilling of Bowdoin.

Diameter 6 inches
Bedrock at 9 feet
Total depth 218 feet

Original casing 40 feet of 6 inch steel Flow rate 14 gallons/minute

It replaced an artesian well closer to the school which was discontinued because of continuing problems with nitrate intrusion into the supply.

The new well tested positive (bad results) for Total Coliform in July 2009. Chlorination failed to correct the problem. A camera detected a fissure had opened below the existing casing at or about the 59 foot level. On October 9, 4-inch PVC casing was inserted into the well to a new depth of 70 feet with Betonite sealing the space surrounding it. On

October 28, 2009, tests by the State Laboratory showed the water to be free of pollutants and safe for drinking.

The supply is filtered to remove dissolved minerals ("iron rust"). Filtration cylinders and brine tanks are located in the boiler room. The equipment is owned by MSAD #75 and serviced by Air & Water Quality of Freeport.

Water quality is tested on a quarterly basis.

2.05 Sanitary Septic System.

Septic waste is collected and distributed to an on-site chamber system.

A 6,000 gallon underground concrete collection tank located 63 feet south of the older section of the school receives wastes. Effluent from the tank flows by gravity through a 4-inch line to a concrete distribution tank 180 feet distant. It is then pumped through a two-inch forced main into an adjacent 32 foot by 72 foot distribution field containing 72 concrete chambers in a 4x18 array.

The system was built in 1989. It is inspected annually by a civil engineer. The collection and distribution tanks are pumped periodically by RA Webber & Sons.

The system's design capacity is 1,355 gallons per day. Estimated daily usage by the school at its present population is about 400 gallons.

The system benefits from extensive resting periods resulting from its limited use during weekend, vacation and summer shut-down periods.

Overall condition is described as good for its age.

The only malfunctions have been occasional backups in toilets in Section A of the school, the last occurring in the spring of 2008.

2.06 Electric System.

Amperage:

600

Volts:

120/240 single phase

Nr service panels:

Type of wiring:

Mostly conduit

Incoming:

Underground from CMP pole

Transformers:

Pole mounted

Generators:

None

Limiting features:

Designed for single user

Lighting Types:

Inside:

Fluorescent retrofitted T-8 lamps and electronic ballast;

Hi-bay 7.5 fixtures in gym

Outside:

Pole and buildings metal

halide fixtures

Overall quality of electrical system as built:

Good

Overall current condition:

Fair

2.07 Current Public Utilities.

Electricity: CMP (CTI interior)

Telephone:

Choice One

Cable

Comcast

Internet:

Comcast

2.08 Heat, Ventilation, Air Conditioning.

The buildings are heated by a circulating hot water system installed in 1989.

The heating vessel is a Weil McClain BL 588 WS boiler with a tankless hot water heater having a constant draw capacity of 8 gallons/minute.

The net boiler capacity is 3,388 IBR MBH. The Carlin Model 701 burner unit is powered by a 0.5 horse power electric motor operating at 3450 RPM. An oil preheating unit was installed in June 2009.

The maximum working pressure of the boiler is 50 psi; the relief valve setting is 30 psi.

The system's high-rate oil consumption is 9.4 gallons/hour of light (No.2) oil; the low rate is 5.5 gph.

Two one horsepower in-line circulator pumps circulate hot water throughout the building to radiation and cabinet heaters. The gym is heated by a central air handling unit.

Controls by Honeywell include: Damper, Thermostats, Temperature sensors, Ventilation Motor Pneumatic Damper Actuator, Switches and Valves.

The boiler is inspected annually by the State. Its current license expires on October 31, 2010. Its registration number is #5567.

Pipe wrappings containing asbestos material were removed in 1989.

Fuel oil is stored in a double-walled steel 4,000 gallon underground storage tank located immediately east of the boiler room entrance on the south side of Section A. The tank's registration number is #7817. It is inspected annually by Maine's DEP.

Inspections reviewed for three recent years showed the tank received passing marks in all safety-related categories.

Interstial monitoring
Overfill protection and spill buckets
Copper piping
Ball float (set at 90% full)
Sleeved piping
Suction lines separated by spacers
Electric monitoring, monitoring console and sensors

No deficiencies or failed item were noted.

The only mechanically ventilated spaces in the buildings are the gym, library and music room.

The buildings are not air conditioned.

Section 3.0 Buildings

3.01 Overview.

The school was built in two separate time periods.

Section A (East Portion). Constructed in 1964. Designed and built by Allied Engineering, Portland. One story, brick veneer over steel and wood frame; structure. Concrete slab on grade foundation with concrete block perimeter walls and interior piers.

Shallow-pitched roof with membrane surface.

Interior room height 9 feet 6 inches. Overall building height 11.0-14.5 feet.

Section B (West Portion). Constructed in 1989 (Partial renovation of Section A occurred at the same time). Designed by Moore Weinrich, Brunswick. Construction by D.L. Poulin, Inc., Brunswick.

One story (including a high-ceilinged gymnasium section, brick veneer over steel and wood frame. Raised seam metal roof. Slab on grade.

Interior room height 9 feet 6 inches in classrooms and service areas, approximately 23 feet in the gym. Overall building height is 11.0-32.0 feet.

3.02 Building Details.

Category	Section A	Condition	Section B	Condition
Year Built	1964	1	1989	The second state of the se
Foundation	Slab on Grade /	1	Siab on Grade /	1
	Concrete Footings		Concrete Footings	
Structural Frame	Steel frame / Wood	4	Steel frame / Wood	1
	Truss	n de l'agresse de la company d	Truss	
Roof	Membrane	2	Membrane / Metal	1
Windows	Wood, Flexivent	3-4	Aluminum frame	2
Ext. Doors	Wood / Metal	2-3	Metal	2
Heating	Circ HW	2-3	Circ HW	2-3
Ventilation	None	N/A	Mech. In Gym, Library,	2
	a composition of Araba		Music Rooms	***************************************
Air Conditioning	None	N/A	None	N/A
Boiler	HW / Oil-fired	3	HW / Oil-fired	3
Water Treatment	Filter / Brine	3	Filter / Brine	3
Floors	Carpet / Vinyl	2-3	Carpet / Vinyl / Wood	2-3
Walls	GWB, painted	2-3	GWB, painted	2
Ceilings	Acoustic tile	2-3	Acoustic tile	2
Toilets (M)	Ceramic tile floor	2	Ceramic tile floor	2
Toilets (W)	Ceramic tile floor	2	Ceramic tile floor	2
Special Areas	Library	2	Gym, Equipment Room	2
THE RESERVE OF THE PROPERTY OF	Boiler Room	2	Kitchen	2
All A Starts of a man an annual start of a man annual start of a man and a manual start of a man and a	Electrical Room	2	Music Room	2

Condition Code:

- 1. Good No repairs/replacements indicated.
- 2. Very Satisfactory Normal repairs/replacements required over next 3-10 years.
- 3. Satisfactory Normal repairs/replacements required next 1-2 years.
- 4. Poor Repairs/replacements currently required.

3.03 Building Areas.

Following is a summary of the square foot contents of the facility.

^ ·	Square Feet			
Category	Section A (1964)	Section B (1989)	Total	
GBA - Gross Building Area	9,106	8,144	17,250	
NRA - Net Rentable Area	8,300	7,500	15,800	
NUA - Net Useable Area	6,580	6,360	12,940	

GBA – Floor area measured from the outside of perimeter walls. All space within included.

NRA – Excludes perimeter walls, boiler room, electrical room and janitorial and equipment storage areas.

NUA – This additionally excludes corridors, entries, toilet rooms and other common areas.

3.04 WHS Operating Expenses.

The following property-related expenses were analyzed.

Item	Description	Annual Amount	Note
Heat	No. 2 Oil, 4,907 gallons	\$ 8,857	1
Electricity	80,800 kwh	13,578	2
Janitorial Payroll	Salaries, benefits & burden	49,737	3
Insurance	Allocated portion of master policy	855	4
Cleaning Supplies	Chemicals, paper products, equipme	nt 2,678	5
Testing/Inspections	Water, ACM, UG fuel Tank, Roofs	3,609	6
	Pest Control, Security Alarm		
Rubbish Removal	Contract	4,116	7
Grounds Maint.	Mowing, snow plowing, sanding	1,415	8
Boiler HVAC Maint.	Contract Honeywell (allocated)	2,174	9
Facilities Maint.	Parts, Supplies	1,400	10
		\$ 88,419	

Source: MSAD #75 2008-2009

Notes:

- 1. Consumption upside protection under Honeywell Agreement.
- 2. Ibid
- 3. One person does cleaning, walk clearance and other custodial functions.
- Will be higher on a single facility basis.
- 5. Will vary with occupancy and population numbers.
- Will continue as a non-school property, but with less frequency.
- 7. Will fluctuate with use.
- 8. Will fluctuate with use.
- The Honeywell performance contract will increase in cost if separated from the all-facility agreement with MSAD #75. (Honeywell might not entertain a single building performance agreement.)
- 10. Will fluctuate with use.

3.05 Operating Expense Estimates under Various Ownership and Use Assumptions.

Category	MSAD 75 School	Municipal Non-Profit	Municipal Mothballed	Private For-Profit
Payroll	51,200	31,200	6,000	36,400
Heat	9,200	10,000	5,000	12,500
Electricity	14,000	14,000	5,000	17,500
Janitorial Supplies	2,800	2,400	500	3,000
Trash Removal	4,200	1,800	200	2,000
Water & Septic	0	1,500	300	2,000
Grounds Maint.	1,500	2,400	2,000	3,000
Boiler Maint.	2,300	2,400	1,000	2,400
Building Maint.	1,500	3,000	1,500	3,800
Building Contracts	3,700	2,000	1,000	2,000
P&L Insurance	900	1,800	2,500	2,200
Property Taxes	0	0	0	2,400
Adv & Promotion	0	0	0	2,400
Mgmt & Leasing	0	0	0	8,500
Total Operating Capital Expenses:	91,300	72,500	25,000	100,100
Reserve for Rplmnts	0	16,000	0	16,000
Total Expenses	91,300	88,500	25,000	116,100
Per SF NLA (15,800 sf)	5.78	5.60	1.58	7.35

Assumptions:

- 1. MSAD #75 School assumes expenses at 3% above 2009 level.
- Municipal Non-Profit use assumes facility used for town and community uses, at a frequency generally similar to its use as a school.
- 3. Mothballed Non-Profit assumes facility is vacant, available for sale.
- Private For-Profit use assumes expenses as a multi-tenant, mixed use facility.
- 5. Reserve for replacements not budgeted by MSAD #75 on an individual school basis.
- 6. Reserve estimated for municipal and private uses at about \$1,00/sf of leasable area.
- 7. Private For-Profit expenses assume more intensive use of facility on an annual basis.

Section 4.0 Market Appeal of WHS as a Commercial Property

4.01 Overview.

WHS is a special-use property with limited market appeal for several reasons, among them:

Currently depressed real estate market. Characterized by lower prices, higher vacancies, falling rents, a large inventory of properties for sale in all residential and commercial categories, and limited availability of project financing at affordable rates and terms. These conditions exist nationally and locally.

General location. The property is 12 miles from the nearest concentration of commercial properties. For non-profit municipal or civic uses, its primary appeal would be to the Harpswell Neck section of the Town.

Specialized design. This limits its appeal for many types of commercial and business uses. Example: The high-ceilinged gymnasium is about 20% of the total area available for lease as a commercial facility. Absent a unique tenant, this space could be a financial drag on the entire property. It is expensive space to heat, light and maintain. The wide corridors and extensive common areas reduce the net useable area below that typically found in many commercial facilities.

Age and remaining economic life. The facility is in satisfactory to good condition for its age. But the original section is 45 years old, the newer section 20. Its electrical and mechanical systems, roofs, septic system and many of its windows will require upgrade or replacement within a 10-year period.

Costs of adaptive reuse. Among the items that will need to be addressed if the property is used as a competitive, code-compliant public facility or as a non-profit municipal facility:

Removal of ACM in hallway tile, Section A.

4.04 Income-Expense Analysis of WHS as a 'For-Profit" Facility (Stabilized Basis).

Income .	High Case	Moderate Case	Low Case
Gross Income Potential (MG Rate/SF)	\$126,400 (8.00)	\$102,700 (6.50)	\$79,000 (5.00)
Vacancy & Collection Loss (10%)	(12,600)	(10,300)	(7,900)
Effective Gross Income	113,800	92,400	71,100
Operating Expenses (a)	(68,000)	(68,000)	(68,000)
Net Operating Income	45,500	24,100	3,800
Indicated Value Capitalized @ 12% (b) (rounded)	\$379,000	\$200,000	\$32,000

(a) Assumes tenant pays for heat, electricity, and trash removal, and \$1.00 sf for cleaning and supplies. Landlord pays all other.

Indicated tenant occupancy costs:			
Modified Gross Rent	8.00	6.50	5.00
Tenant Expenses	3.04	3.04	3.04
(48,800 / 15,800 sf)			
Tenant Occupancy Cost per sf, NRA	\$11.04	\$9.54	\$8.04

(b) Assumes following capital ratios and costs

Debt:	$.60 \times .10 =$.06
Equity:	$.40 \times .15 =$.06
Weighted Cost		.12

Cost of debt based upon an assumed loan at 8% interest, 20 year amortization for 60% of the appraised value of the property.

Cost of equity assumed to be 15%.

This quick analysis indicates the property essentially breaks even at a modified gross lease rate of about \$5.00 per square foot and the vacancy and expense levels shown.

The value of the property under the more favorable market conditions shown is roughly estimated to be between \$200,000 and \$379,000.

If the Town elects to hold and lease the property under a 'for profit' scenario, a simpler and preferred approach would be to lease on a triplenet (NNN) basis with tenant(s) paying all expenses except major repairs and replacements.

Under current market conditions, a net rent of the entire building at \$2.50 sf/year would net the town about \$24,000 per year after reserves of \$15,000-16,000 a year for future replacements.

Section 5.0 Options and Decisions

5.01 Overview.

The attached decision tree depicts some of the options and decisions the Town will need to consider in the months ahead.

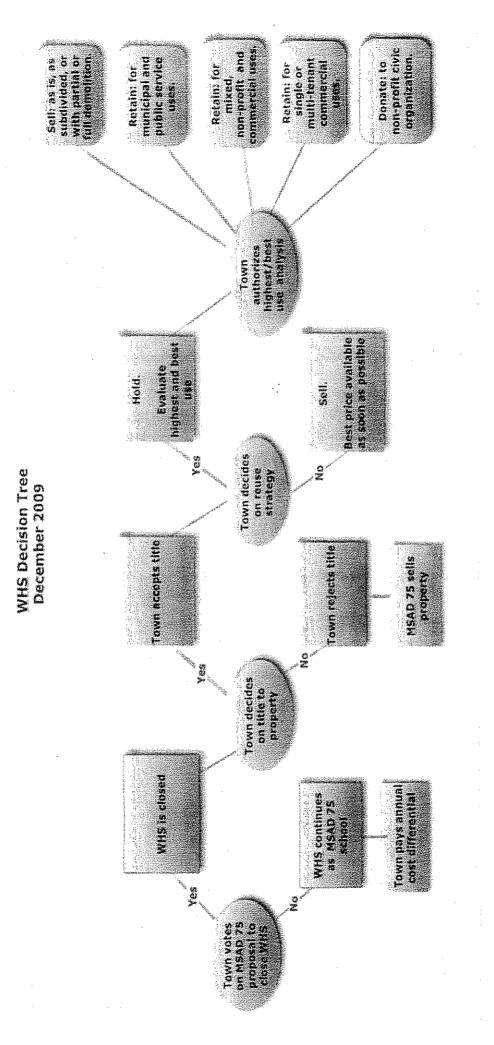
The first is whether to retain WHS as a MSAD #75 school or to accept the District Board's recommendation to close it.

If the Town votes to close and thereafter to accept title to the property, it will be faced with various options for its reuse or disposition.

We have identified some of these and roughly estimated the financial costs and benefits of each. We have not attempted to identify or quantify any intangible (non-financial) benefits in any of the options.

Our analysis is projected over a three-year period.

It may take that long in some of the analyzed cases for the Town to evaluate and finally decide on the strategy that best fits its long-term needs and preferences.



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5.03 WHS Cost Benefit Summary
(Three-year forecast beginning in July 2010)

Option Strategy	1	2	3	Total	Note
A. Continue WHS as a public school	(210,000)	(216,300)	(222,800)	(649,100)	1
B. Close WHS					
Town declines title to property; MSAD #75 sells ASAP	(10,000)	80,000	0	70,000	2
Town accepts title to property; sells ASAP	(25,000)	200,000	0	175,000	3
C. Town accepts title; option study	(20,000)	0	0	(20,000)	4
Annual Mothball Costs	(25,000)	(25,800)	(26,500)	(77,300)	5
Option 1: Donate: to non-profit org.	(25,000)	(35,800)	0	(60,800)	6
Option 2: Retain: non-profit municipal / civic uses	(25,000)	(88,500)	(91,200)	(204,700)	7
Option 3: Retain: mixed for-profit / non-profit uses	(25,000)	(32,500)	(34,100)	(91,600)	8
Option 4: Retain: for-profit uses	(25,000)	24,000	24,000	23,000	9
Option 5: Retain: sell in up market	(25,000)	(25,800)	300,000	249,200	10
Option 6: Demolish: sell or retain land	(25,000)	(25,800)	0	(50,800)	11

Amounts in brackets are negative amounts.

Notes and Assumptions:

- Cost to Town equals estimated savings to District if school had closed. Costs estimated to increase 3% per annum.
- 2. Year 1 costs if WHS closed (mothballed) estimated at \$25,000. District sells in Year 2 for \$200,000. Town's share of costs and benefits estimated at 40%.
- 3. Town sells property in Year 2 for \$200,000.
- Town approves highest and best use study of property by qualified professional firm. Est. cost of study \$20,000.
- 5. Estimated costs to hold property in a vacant, mothballed state. All options assume property mothballed for at least one year.
- 6. Assumes property donated to a non-profit organization. Year 2 expenses include \$10,000 for legal, title, and related transfer costs.
- Assumes property regularly used for municipal and civic non-profit uses after Year 1.
- 8. Assumes half of property is leased (moderate case) and half used for municipal and other non-profit uses.
- 9. Assumes property is net leased as a for-profit facility for \$2.50 sf/year, netting about \$24,000/year after reserves.
- 10. Assumes property is sold in Year 3 under improved market conditions for \$300,000.
- 11. Assumes demolition, removal and disposal costs of \$150,000 equal value of land in year 3.

Note: None of the options in Section C above assume any renovation costs or the cost of professional studies.

Section 6.0 Replacement Cost and Demolition Considerations

6.01 Replacement Cost New.

The WHS is a major physical asset. We roughly estimate its replacement cost today as follows:

Land

7.73 Acres at \$19,500±/acre

\$150,000

Site Improvements

150.000

Water, septic and drainage systems
Paved walks, drives and parking
Playground and playing fields and surfaces
Landscaping

Buildings

2,150,000

17,250 sf, gross building area @ $125\pm/sf$

Total

\$2,450,000

The facility has incurred physical deterioration due to normal weathering, wear and tear. Additionally, many of its design features are less functional than those found in newer school or commercial facilities. If suffers from economic obsolescence (conditions external to the property) as a school because of rising costs and declining student population, and as a non-school property because of its comparatively remote location and the weak demand for commercial space in its market area.

These factors lower the appeal, earning potential and value of the property to a small fraction of its replacement cost new.

6.02 Cost to Demolish, Clear and Dispose of Structures (After allowance for salvage)

Total	\$150,000
Paving, fences and misc (ACM)	7,000
Underground Tank	2,400
Footings – 800 lf @ 7.50 lf	6,000
Foundations – Floors 17,250 sf @ 3.00	51,800
Structures - 276,000 cf @ .30	\$82,800

Demolition would come into play if efforts to sell or dispose of the property by other means were unsuccessful.

Section 7.0 Reuses, Risks and Conclusions

7.01 Reuses of Property.

From a physical standpoint, WHS could be adapted to a variety of single or combination uses. These might include:

"For Profit Sector"

- Offices, research, light manufacturing, light industrial, call center.
- Certain forms of retail or wholesale commercial activity.
- Certain forms of multi-family residential.
- Certain forms of medical arts and health care.
- Education and training facility.
- · Recreation, health, entertainment facility.
- Fine and applied arts, gallery, exhibition and sales center.
- Storage.

"Non Profit Sector"

- · Community center, youth and senior activities, public meetings.
- · Arts, crafts, theater, music, exhibitions, shows.
- Education, training, library, museum.
- Municipal overflow or expansion.

Reuses would require Town and State permits and varying levels of renovation and upgrade to comply with applicable life safety and related codes and ordinances.

Costs of compliance together with normal operational and capital requirements limit the property's affordability and appeal for most mainstream uses and users.

There is a long-shot possibility that the property might fit the need of a particular purchaser for a special use or that a charitable source might acquire it for the public good.

Mainstream, special-use, and charitable possibilities can be tested more fully at a later time and, clearly, as market conditions improve. But the property's market appeal at present is narrow, specialized and speculative.

These factors lower its earning potential and value to a small fraction of its replacement cost.

7.02 Risk Review and Conclusions.

If WHS is closed, the Town can reduce its involvement with the property by leaving title with MSAD #75, and accepting partial risk, reward and decision control over its eventual disposition.

Accepting title increases the Town's risk and involvement but it gains total control over the timing, uses and disposition strategy that best serves its interest.

The risks of acquiring title under the options and assumptions reviewed in our study appear manageable.

The probable worst case would be a mothballed three-year hold before sale or transfer. The Town would breakeven at a sale netting about \$77,300, the estimated three-year costs to mothball.

If the Town decided to retain the property for municipal / civic uses, its three-year costs (and ongoing costs) would be considerably higher, but presumably, these costs would have been weighed and found acceptable for the benefits gained or the option would have been rejected at the outset.

There appears to be little benefit to the Town to own and lease the property as a commercial venture. The added investment required coupled with market uncertainty makes the option highly speculative. The risk would be reduced if part of the building was leased but unless a long-term, creditworthy, compatible tenant could be found, the option would remain highly risky.

Donation to a non-profit entity is an option that becomes a logical subset of the mothball-hold strategy. It would take time to identify and qualify an acceptable donee and the end result might result in a financial loss to the Town, but intangible benefits might offset the cost.

Sale of the property "as is" appears to offer lowest risk and highest return. Possible variations might involve a division of the property into two or more saleable units or partial demolition and sale of the remainder. These sale variations involve more risk, but might be appropriate if an "as is" sale was unsuccessful after intensive marketing.

End of Report

8.0 Addendum

- 1. Proposal and Guidelines for WHS Work Group as adopted by Selectmen.
- 2. Location map.
- 3. Aerial View.
- 4. Schematic Floor Plan.
- 5. Photographs.
- 6. MSAD #75 WHS Capital Asset Related Documentation
- 7. Commercial Lease Rates and Prices, Greater Portland and Mid-Coast Areas.

Proposal: A work Group to Report on Condition & Attributes of West Harpswell School

Background: The Board of MSAD # 75 having voted to close the West Harpswell School (WHS), Harpswell citizens will soon conduct a referendum on whether to assume the added cost of keeping the school open. Should Harpswell decline to assume that cost, officials of MSAD #75 have indicated that the building will be offered to the Town without cost. It is anticipated the school district will be looking for a relatively quick answer to its offer and therefore, it is in the interest of Harpswell to be prepared for such a possible decision by developing a careful analysis of the of the school and its site.

<u>Objective:</u> To provide the Town with an objective report on the systems, spaces and conditions of WHS, both building and site. The report would be basic to any decision by the Town as to whether or not to accept the school, to use it for Town purposes, or to offer it for lease or sale.

Workgroup Task: Building - To prepare a report detailing, in so far as feasible, the spaces, mechanical and other major systems, their current condition and any updating or improvements that will be needed in the next few (5?) years. Any special purpose spaces such as the gymnasium would be noted. The status of the well (or water source) should also be reported. Land – A report indicating the amount and type of land as well as any practical or environmental concerns with implications regarding future use.

Working Approach: First steps would involve consultation with the facilities director of MSAD #75 and possibly with Principal Michael Estes or others who have worked in WHS to learn as much as possible about their experience with the building and site. Presumabl, blueprints and other documents held by the school district would be made available to the Work Group. Beyond that the group would do its own examination of the premises, cooperating with the school district so as not to disrupt the ongoing education program.

<u>Work Group Members:</u> Collectively, the Work Group should include the following skills, talents and knowledge: Architectural & engineering, general construction knowledge, mechanical (plumbing, electrical, HVAC), land analysis, cost estimation & real estate appraisal. Suggestion – 5 members

<u>Time Table</u>: The work should be completed as soon as feasible. The completion date will depend to some extent on the date for the referendum.

Costs, Revenues and Market Appeal: An estimate should be made of the cost to the Town of operating the building. (Much of this needed information should be available from the report being prepared by MSAD #75 to determine avoided operating costs that will result from closing the school.) In addition, a review of other possible future uses for the building, of revenues that could result from its sale or rental and of the marketability of the facility would be helpful.

Adopted by the Board of Selectmen August 31, 2009

Guidelines for the West Harpswell School Work Group

<u>Objective</u>: Should Harpswell citizens decide not to keep West Harpswell School (WHS) open, the Town will need to decide fairly quickly whether to accept the school. An objective report from the Work group will be extremely useful in making that decision. The report should cover the systems, spaces, conditions and prospects of WHS, both building and site.

Workgroup Task:

Building - To prepare a report detailing, in so far as feasible, the spaces, mechanical and other major systems, their current condition and any upgrading or improvements that will be needed in the next five years. Any special purpose spaces such as the gymnasium should be noted. The status of the well (or water source) should also be reported.

Land – A report indicating the amount and type of land as well as any practical or environmental concerns with implications regarding future use or costs.

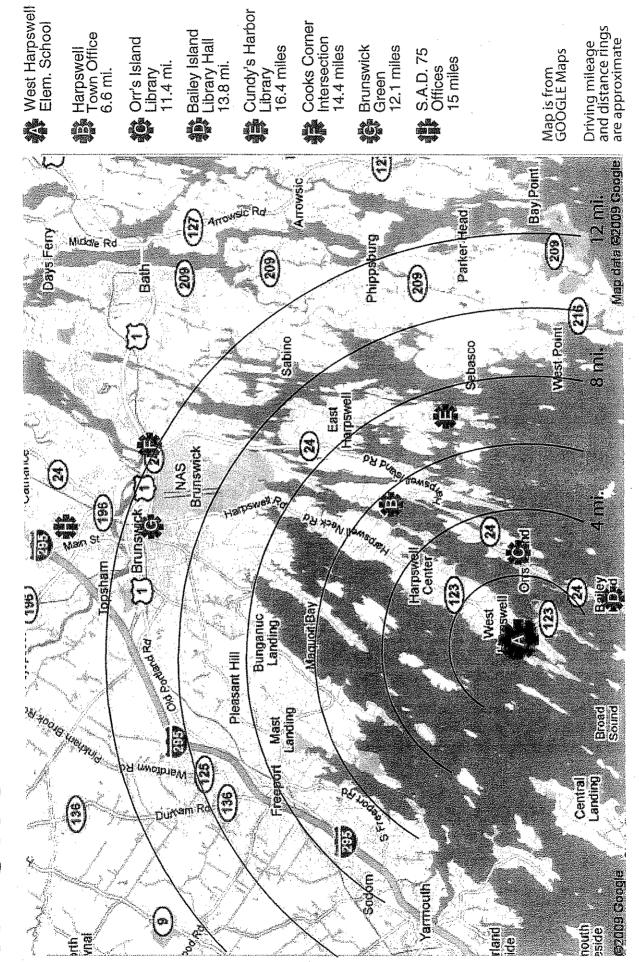
Working Approach: First steps would involve consultation with the facilities director of MSAD #75 and possibly with Principal Michael Estes, or others who have worked in WHS, to learn as much as possible about their experience with the building and site. MSAD #75 has indicated its willingness to make documents available and to meet with the group. Beyond that it is anticipated that the group will do its own examination of the premises, cooperating with the school district so as not to disrupt the ongoing education program.

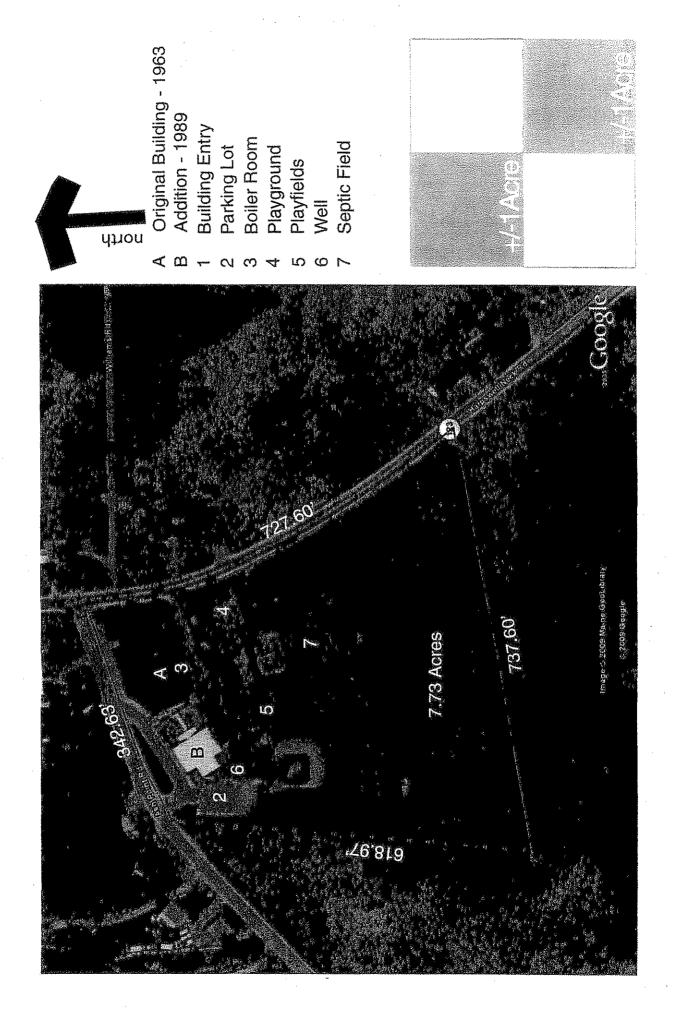
Time Table: The work should be completed by the close of 2009.

Costs, Revenues and Market Appeal: An estimate should be made of the cost to the Town of operating the building. Much of the needed information should be available from the report just prepared by MSAD #75 to determine operating costs, with modifications for year-to-year changes. In addition it would be very valuable to have a review of other possible uses for the building, of revenues that could result from its sale or rental and of the marketability of the facility.

Adopted by the Board of Selectmen October 29, 2009

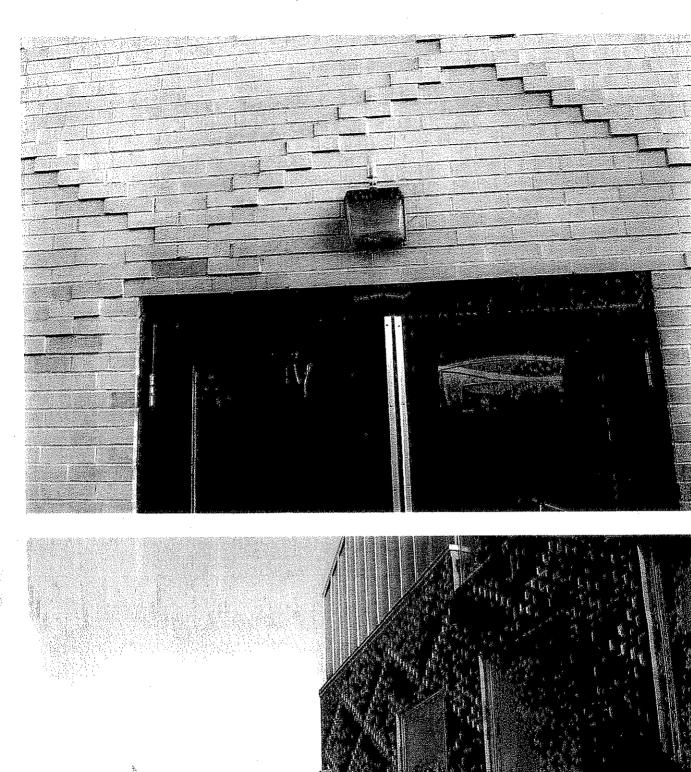
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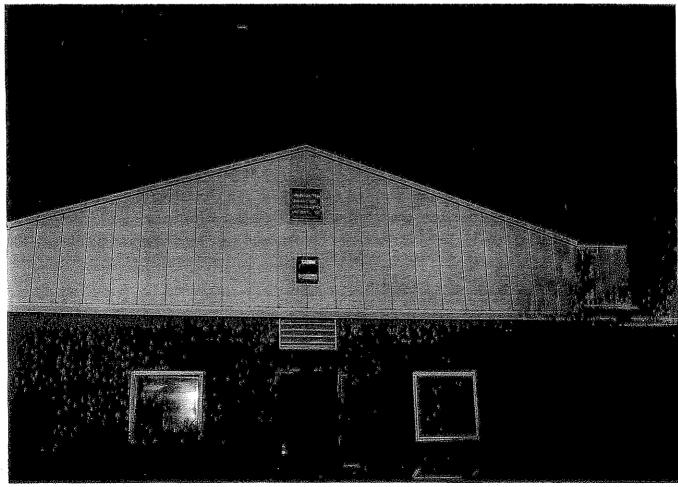
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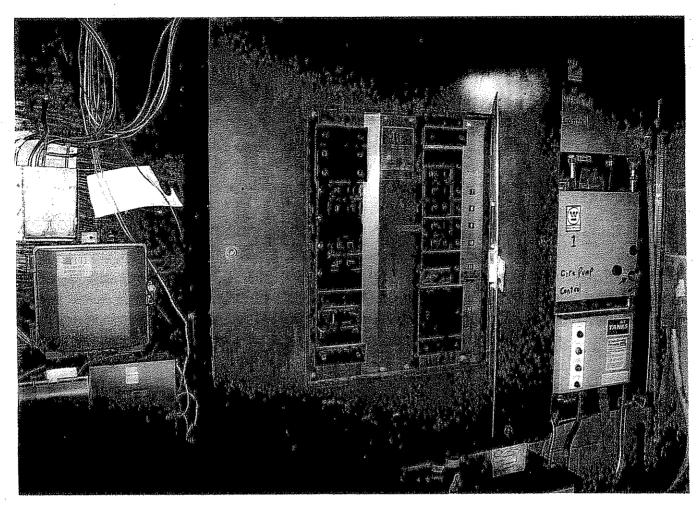


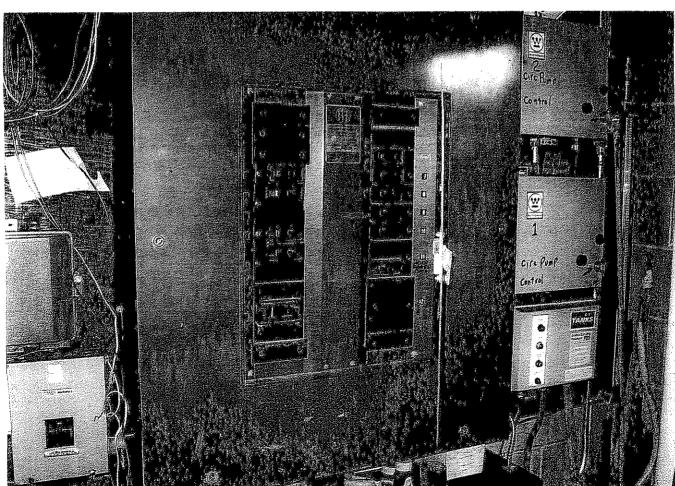


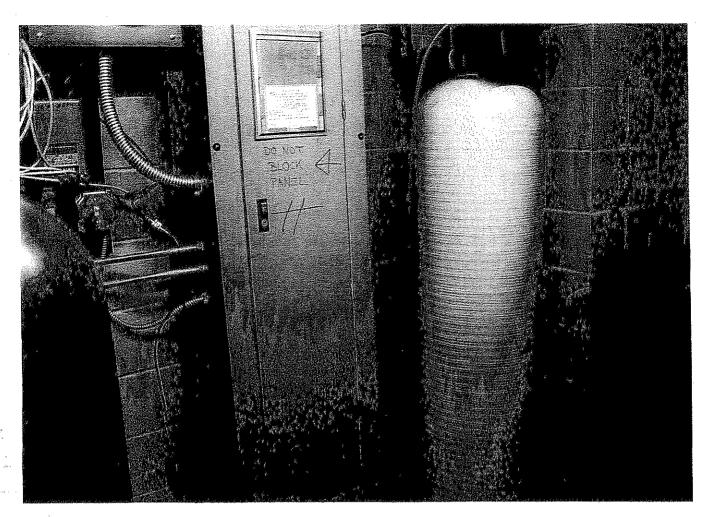


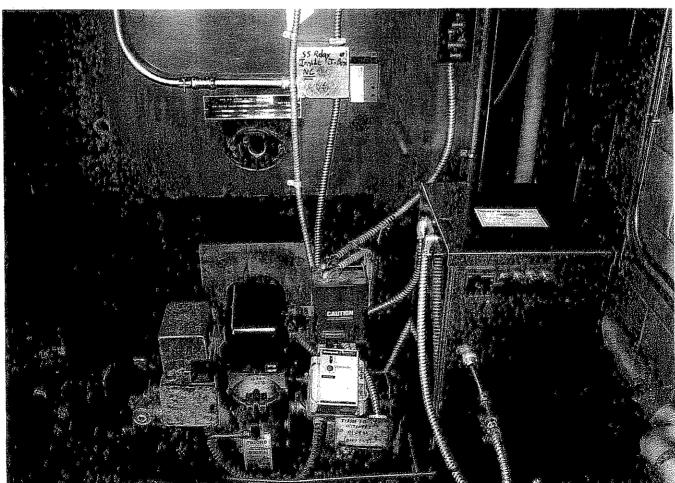


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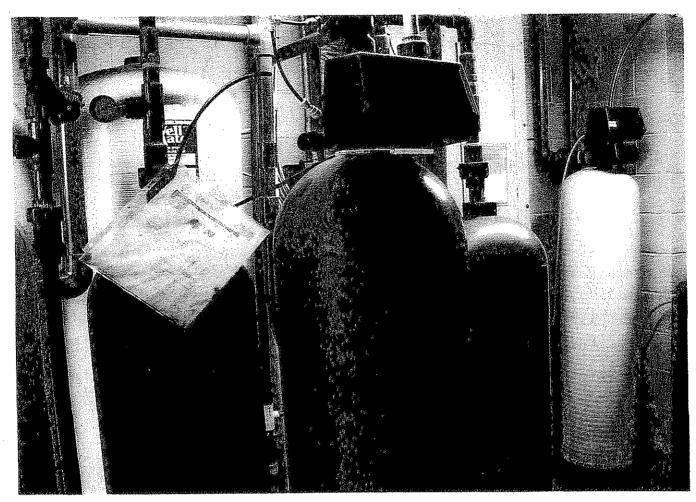


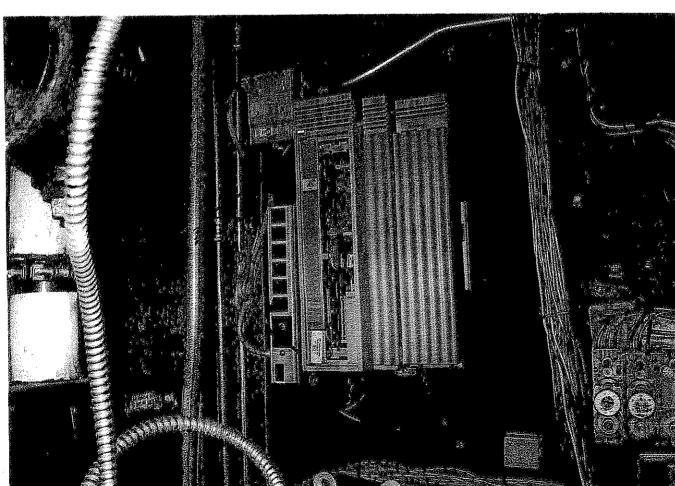


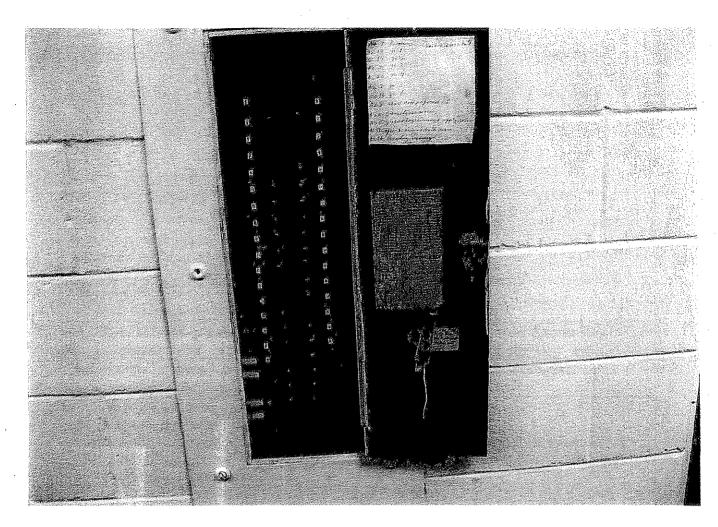


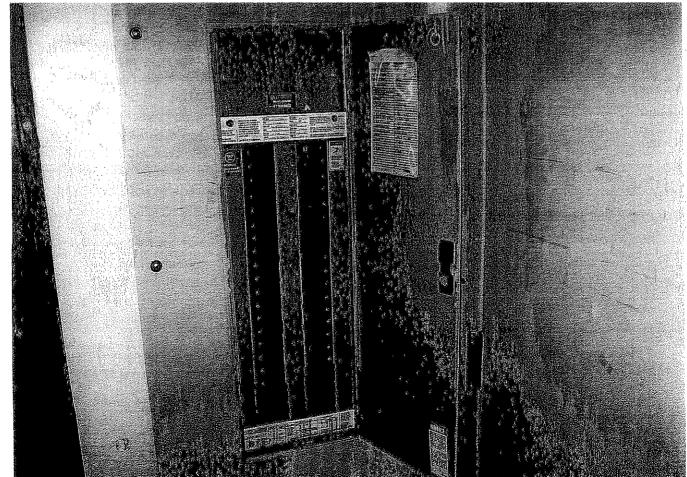


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MSAD 75

West Harpswell Elementary School

Capital Asset Related Documentation

ITEM	AVAILABILITY	COMMENTS
Summary Insurance Listing	Readily - Electronic	Lists attributes of property
Drawings of School	Readily – Hard Copy	Two sets of drawings. Orig. Construction 1963 & Major addition in 1989. Copy of each set may be borrowed. NOT guaranteed As-Built
Maintenance History	Readily – Hard Copy, 3 years	A download of closed Work Orders
Open Maintenance	Readily – Hard Copy	A download of Open Work Orders pending
Performance Contract Upgrades Summary	Readily – Hard Copy	Building recently underwent an energy efficiency performance upgrade (Lighting, Insulation, weatherization, water conservation, fuel oil efficiency, etc.)
Water Quality Records	Readily – Hard Copy	Public Drinking Water Standards and testing frequency employed
"Capital" Work List Completed	Readily – Hard Copy, 3 years	A listing of any <u>Major</u> Work/Project completed over 3 year period
"Capital" Work - Open	Readily (Through 10/08, updated each Oct.) - Electronic	A on-going listing of projects the District considers on an annual basis within District Budge constraints and prioritized at the District level (I.E. Competes amongst all schools for highest priority
PE Roof Inspection Reports	Readily – Hard Copy, 3 years	Annually late fall a PE inspects District roofs and prioritizes work for following summary district wide
HVAC Maint. Work	Readily – Hard Copy, 3 years	District Contracts School HVAC repairs & PM's

ITEM	AVAILABILITY	COMMENTS
Septic System	Not Readily – Hard Copy/Inv., 3 years	Septic System pumping records typically 1/3 years
Manuals/Specs./Construction Records	Not Readily Available	Scant info from Orig. construction, some records from addition
Telephone System	Not Readily Available	Basic Info
Fuel Oil	Some Readily Available, 3 years	Tank annually inspected by Ind. Contractor per State Law
Security System	Some Readily Available, 3 years	Basic security
Boiler Inspection	Readily - Certificates	Boilers inspected annually by Insurance Company as reqd by State law

NOTES:

- 1) Hard Copy means the documentation is available in the District Office for Town review.
- 2) A school tour is encouraged and would prompt questions 7 answers that a document review may not afford.

Office Rental Rates (Asking Rates)

Location	Address	Class	Rent	Type	Comment
Portland	I Canal Plaza	Α	20.00	MG	Mod. Gross Rent
CBD	2 City Center	A	19.50	MG	
	245 Commercial	Α	17.00	MG	•
CBD	110 Free	В	16.00	MG	-
And	25 Pearl	В	16.95	MG	
Adjacent	16 Casco	С	8.00-12.00		Time/Temp Bldg
	465 Congress	$\dot{\mathbf{B}}$	14.50-19.00		Maine Bank/Trust
	300 Fore	В	16.95	MG	New
	400 Congress	C	14.00	MG	•
,	482 Congress	C	12.00	MG	
	45 Casco	\mathbf{C}	12.00	MG	Former School
	d.			•	
Outlying	237 Oxford	_	9.50	MG	
	175 Lancaster	-	9.50	MG	
	125 Presumscot	_	12.50	NNN	Triple net rent
	10 Forest Hills Dr.	-	12.00	MG	•
	10 Vannah	-	9.75	MG	
	7 Ocean	-	9.50	MG	
	75 John	-	12.00	MG	
,		-	•		
South Portland	850 Maine St	-	8.00	MG	
Scarborough	Pleasant Hill Rd	-	8.25	MG	
Falmouth	Route 1		11.50	NNN	
Gr. Portland	Industrial Space	-	3.00-5.00	NNN	

Location	Address	Class	Rent	Туре	Comment
Brunswick	128 Maine St	**-	8.50-11.00	NNN	Grant City
	Fort Andross	-	10.00-14.00	MG .	
	56 Maine	-	14.00-18.00	MG	
	54 Cumberland		9.75	MG	
	94 Pleasant St	***	6.00	MG	
	103 Harpswell St	***	15.00-20.00	GR	
Topsham	49 Winter St,	•••	4.90	MG	

Sources: CBRE Boulos and Gerard Properties web-sites.

Examples of Depressed Market Conditions.

110 Free Street, Portland. 85,470 sf, 327 parking spaces.

Sold June 2007 to Trammel Crow Co. for \$8.0 million (\$93.60 sf)

Vacant two years. Owner decided to get out and cut its losses.

Listed for sale for 26 months.

Sold June 2009 for \$3.5 million (\$40.95 sf)

A 56% decline in two years.

300 Southborough Dr, South Portland.
Class A building
Sold by Unum (Sale-Leaseback 5-yr term) October 2003
Unum vacated soon after the sale.
Property vacant for four years.
Sold June 2009 \$9.0 million (\$81.92 sf)